

STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION

CONSUMERS ILLINOIS WATER  
COMPANY

Proposed general increase  
in water and sewer rates.

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NO: 00-0339

CHIEF CLERK'S OFFICE

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ILLINOIS  
COMMERCE COMMISSION

DIRECT TESTIMONY  
OF  
DOUGLAS K. CUNNINGHAM  
on behalf of  
DEVRO-TEEPAK, INC.

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DIRECT TESTIMONY OF DOUGLAS K. CUNNINGHAM  
BEFORE THE ILLINOIS COMMERCE COMMISSION  
CONSUMERS ILLINOIS WATER COMPANY  
DOCKET NO. 00-0339

Q. Please state your name and address.

A. My name is Douglas K. Cunningham and my business address is 915 N. Michigan Avenue, Danville, IL 61832.

Q. By whom are you employed and what is your position?

A. I am employed by Devro-Teepak, Inc. and am the Danville Plant Manager.

Q. What are your duties as Plant Manager at Devro-Teepak, Inc.?

A. I have complete responsibility for manufacturing operations for the Danville Cellulose business which produces sausage casings used by the processed meat industry. In this capacity, I have over 450 employees under my direction and responsibility.

Q. Please tell us your educational and work experience that qualifies you to perform the duties you have just mentioned?

A. I have a Bachelors Degree in General Engineering from Geneva College in Beaver Falls, Pennsylvania. I worked for the Manville Corporation between 1983 and 1992 filling positions in Industrial engineering, Maintenance Management, Project Engineering, Research Engineering and Production Management. In 1992, I was hired away from the Manville Corporation by Teepak, Inc., to fill the

Plant Manager's position in Summerville, South Carolina. In this role I had total responsibility for this satellite finishing center with over 120 employees. In 1993 I was transferred to the Danville facility to manage the Process department with over 180 employees and indirect responsibility for the Danville finishing department with over 80 employees. In 1996 I was given responsibility for the cellulose casing operations which included the maintenance department at the Summerville, South Carolina facility employing over 400 people. In 1997, I was promoted to the Danville Cellulose Operations Manager, reporting directly to the Vice-President of the America's Region. In this capacity, I have responsibility for Danville cellulose manufacturing including human resources, safety, maintenance, engineering and all of the Danville facility utilities. In 1998 I was promoted to Danville Plant Manager with the same basic responsibilities.

Q. Please describe the business of Devro-Teepak, Inc. and the part the Danville Plant plays in that company's overall operation.

A. Devro-Teepak, Inc. is in the business of manufacturing and selling meat casings and packaging films. The meat casings fall into two basic categories; edible collagen casings and inedible cellulose casings.

The Danville facility is a manufacturing site for

inedible cellulose casings. In addition, there are R.D. & E. and Customer Service Departments located at this facility. The Danville facility has over sixty percent of the worldwide Devro-Teepak, Inc. inedible cellulose casing manufacturing capacity.

Q. Does Devro-Teepak, Inc. take water service from Danville Consumers Illinois Water Company?

A. Yes. I believe we are Danville Consumers largest customer purchasing approximately 15% of the water it sells annually in the Danville service territory. Devro-Teepak's Danville Plant consumes approximately 56,150,000 ccf (420 million gallons) of water annually.

Q. Will the need of Danville Devro-Teepak for this level of water continue for the near future?

A. Yes. We anticipate our water service needs will continue at is present level for several years.

Q. Are you familiar with the plans for the Danville water plant Devro-Teepak, Inc. is considering for construction?

A. Yes, I am. I have consulted with Buranapong Linwong, Controller of Devro-Teepak, Inc., Mark Niedenthal, Cellulose Plant Support Engineer, and the upper management of Devro-Teepak, Inc. concerning the proposed plant.

Q. Referring to Devro-Teepak Cunningham Exhibit 3A in this docket, can you tell what this is?

A. Yes. This is a map which shows the routing of the

pipeline from the well sites to Devro-Teepak's plant.

Q. Does Devro-Teepak have easements for the construction of the pipeline from the wells to the plant over the property as shown in Exhibit 3A?

A. Yes, we have them if anyone wishes to examine them.

Q. Have you considered what additional employees Devro-Teepak, Inc. would need to operate the proposed water plant?

A. We have considered the additional workload associated with the operation of the proposed water plant and we're confident that this workload can be managed with our existing employees.

Q. Are you personally in favor of Devro-Teepak constructing its own water system?

A. Frankly, I have enough responsibilities now, however, my Company will have no alternative if our water rates are increased in this docket more than a nominal amount. We have become a very competitive industry with competition in the USA and abroad and must control our costs. The return on investment as indicated by our Exhibit 1A is an economic fact of life that will not be ignored by upper management.

Q. Does this conclude your testimony?

A. Yes, it does. I will be happy to answer any questions concerning the content of my testimony.

**ATTACHMENT/EXHIBIT**

**ITEM TOO LARGE TO SCAN**

**COPY AVAILABLE IN CHIEF CLERK'S OFFICE**